
8. TAXATION IMPLICATIONS FOR ACY UNITHOLDERS

8.1 Australian Taxation Implications: Introduction

The following is a general description of the Australian income and capital gains tax consequences for Unitholders upon the implementation of the Proposal. The following description is based upon the law in effect at the date of this Notice of Meeting and Explanatory Memorandum, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Unitholder.

You should seek independent professional advice in relation to your own particular circumstances.

The comments set out below are relevant only to those Unitholders who hold ACY Units as capital assets for the purpose of investment. All Unitholders are advised to seek their own tax advice in relation to the Proposal.

8.2 Redemption of ACY units - Income Tax

Assessable income may arise to Unitholders where the consideration received from ACY for the redemption of Units represents income of the Trust. In terms of clause 7.12 of the Constitution, the Responsible Entity has authority to determine whether a distribution represents income, gains or capital of the Trust. The Responsible Entity has advised that it is anticipated that the entire proceeds on redemption will be capital.

8.3 Redemption of ACY units - Capital Gain or Loss

The redemption of your ACY Units pursuant to the Proposal will constitute a CGT event for Australian capital gains tax ("CGT") purposes. The effective date of redemption for CGT purposes will be the Redemption Date currently anticipated to be 9 August 2001.

Accordingly, you may make a capital gain or a capital loss, depending on whether your capital proceeds from the redemption of the ACY Units are more than the cost base (or in some cases indexed cost base) of those Units (in which case a capital gain would arise), or whether the capital proceeds are less than the reduced cost base of those Units (in which case a capital loss would arise).

The capital proceeds of the CGT event will be the cash received by the Unitholder in respect of the redemption of their ACY Units, namely the Offer Price of 91 cents per Unit.

The cost base of the ACY units is generally their cost of acquisition.

In regards to Australian resident Unitholders, if the ACY Units were acquired on or before 11:45 am on 21 September 1999, a Unitholder who is an individual, a complying superannuation entity or the trustee of a trust may elect to adjust the cost base of the ACY Units to include indexation by reference to changes in the Consumer Price Index from the calendar quarter in which the ACY Units were acquired until the quarter ended 30 September 1999. Unitholders which are companies will be entitled to include that indexation adjustment without making an election if their ACY Units were acquired at or before 11:45 am on 21 September 1999. However, those indexation adjustments are taken into account only for the purposes of calculating capital gain; they are ignored when calculating the amount of any capital loss.

Unitholders which are entitled to, but which do not make the indexation election referred to above (individuals, complying superannuation entities or trustees), are entitled to discount the amount of their net nominal gain (that is, the gain calculated without indexation) from the redemption of ACY Units by 50% in the case of individuals and trusts or by 33% for complying superannuation entities. However, trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains. Companies are not entitled to discount any net capital gain.

For an individual, a trust or a complying superannuation entity that acquired ACY Units after 21 September 1999 and who have held those ACY Units for more than twelve months before the date of the CGT event (described above), that entity may be eligible to apply the CGT discount method outlined above.